

Message Text

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PAGE 01 SAO PA 01910 221828Z
ACTION XMB-04

INFO OCT-01 ARA-14 ISO-00 EB-07 /026 W
-----040023 230323Z /65

R 221700Z JUL 77
FM AMCONSUL SAO PAULO
TO SECSTATE WASHDC 7888
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO

UNCLAS SAO PAULO 1910

PASS EXIMBANK

E.O. 11652: N/A
TAGS: BPRO, BR
SUBJECT: OVERDUE PAYMENTS OF FERTIPLAN S.A. AND FERTIBASE S.A.

REF: SAO PAULO 0531

1. VISIT TO MR. MORALES OF FERTIPLAN ON JULY 19 CONFIRMED THAT LOAN FROM CAIXA ECONOMICA FOR 100 MILLION CRUZEIROS IS BEING DISBURSED IN THREE PAYMENTS, THE LAST ONE WILL BE DRAWN IN ABOUT TEN DAYS TIME. NO OTHER LOAN FROM CAIXA ECONOMICA IS UNDER DISCUSSION. DR. MIGUEL ETHEL OF THE MINISTRY OF FINANCE ALSO CONFIRMED THIS IN TELEPHONE CONVERSATION TODAY.

2. REPAYMENT OF TEN PERCENT ON LOAN AMOUNTING TO \$300,000 WAS MADE IN JUNE BY FERTIPLAN TO INTERNATIONAL COMMODITIES. FUNDS FOR CONTINUED OPERATIONS AND SETTLEMENT OF LOCAL DEBTS OF FERTIBASE AND FERTIPLAN HAVE EMANAGED FROM CAIXA ECONOMICA LOAN.

3. DR. ETHEL CONFIRMED NO MINISTRY OF FINANCE MEN WITH FERTIPLAN. THERE HAD BEEN A CHANGE OF DIRECTORS AND FERTIPLAN HAS SOME CONSULTANTS IN GOVERNMENT WISHED TO AVOID INTERNAL
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INTERFERENCE AND IS ONLY ASSITING IN SOLVING FIRM'S FINANCIAL PROBLEM.

4. MR. MORALES SAID FIRST HALF OF 1977 HAS BEEN BAD FOR AGRICULTURE INASMUCH AS SUBSIDIES FROM GOVERNMENT FOR FARMER'S FERTILIZER PURCHASES HAD BEEN SUSPENDED AND THIS AFFECTED CASH-FLOW POSITION OF SUPPLIERS. HOWEVER, INDICATIONS IN JULY

ARE THAT THE SECOND HALF OF 1977 SHOULD CONSIDERABLE IMPROVEMENT IN SALES. FP AND FB PLANTS ARE ALREADY WORKING ON A 24 HOUR BASIS AND WILL ALLOW FOR RECUPERATION OF SALES. DR. ETHEL ALSO CONFIRMED THIS MORE OPTIMISTIC OUTLOOK GENERALLY FOR THE SECOND HALF OF 1977. CREDIT IS NOW EASILY OBTAINABLE BY FARMERS. ALTHOUGH INTEREST RATES ARE NOT LOW. MORALES FORECASTA FIRM'S SALES FOR JULY/DECEMBER PERIOD THIS YEAR TO BE CR\$1,200 MILLION.

5. REGARDING LONG RANGE PROGRAM, MORALES INFORMED THAT A 5 YEAR PLAN IS BEING DRAWN UP BY FERTIPLAN FOR GROUP'S PROJECTED OPERATIONS WITHIN THE ESTIMATED DEVELOPMENT OF FERTILIZER MARKET AND GROUP'S POSSIBILITIES, BUT INDEPENDENT OF ANY GOVERNMENT AUTHORITY. IT IS EXPECTED TO BE AVAILABLE IN SIX WEEKS. POST WILL TRY TO OBTAIN A COPY FOR PASSING TO EXIMBANK MORALES ALSO INFORMED THAT FERTIPLAN IS CONSTANTLY LOOOKING TO THE POSSIBILITIES OF EXPORTS TO OTHER SOUTH AMERICAN COUNTRIES, BUT NO DEFINITE SCHEME HAS YET BEEN DRAWN UP.
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Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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TAGS: BPRO, BR
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